

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9901

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E.O. 11652: N/A

TAGS: ELAB, RP

SUBJECT: SUGAR INDUSTRY WANTS EXEMPTION FROM COLA

REF: (A) MANILA 6402, (B) A-118, MAY 6, 1977

1. LABOR SECRETARY BLAS OPLE TOLD LABATT MAY 17 THAT BECAUSE OF THE DEPARESSED ECONOMY OF THE SUGAR INDUSTRY THE PLANTERS ASSOCIATION HAS REQUESTED HIM TO GRANT AN INDUSTRY-WIDE EXEMPTION FROM THE NEW 60 PESOS PER MONTH COST OF LIVING ALLOWANCE (COLA) THAT THE PRESIDENT GRANTED WORKERS AS PART OF THE RECENT MAY DAY PACKAGE (SEE REFS). ON MAY 14 UNDER SECRETARY INCIONG MET WITH THE LEADERS OF THE FIVE SUGAR INDUSTRY UNIONS TO OBTAIN THEIR SUPPORT FOR THE EXEMPTION. THE UNION OFFICIALS OBJECTED AND THE MEETING BROKE UP WITHOUT AGREEMENT.

2. TUCP VICE PRESIDENT AND CHIEF LEGAL COUNCEL EULOGIO LERUM, AND ONE OF THE UNION OFFICIALS AT THE MAY 14 MEETING, TOLD LABATT THAT IT WILL BE DIFFICULT TO IMPLEMENT AN INDUSTRY-WIDE EXEMPTION BECAUSE SOME EMPLOYERS IN THE INDUSTRY HAVE ALREADY GRANTED THE COLA. HE CITED THE CANLUBANG SUGAR CORPORATION OF LAGUNA AS A CASE IN POINT. LERUM FURTHER
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STATED THAT HE HAS BEEN CHECKING THE FINANCIAL STATEMENTS OF SUGAR INDUSTRY EMPLOYERS AND HE FINDS THE PICTURE OF FINANCIAL HEALTH SPOTTY, THUS SUPPORTING THE NEED TO TAKE EXEMPTIONS ON A CASE BY CASE BASIS.

3. OPLE MAINTAINS THAT THE UNIONS PUBLIC POSITION IS ONE THING; IT IS THEIR PRIVATE POSITION THAT COUNTS. HE TOLD LABATT

THAT THE EMPLOYERS CLAIM THEY ONLY START TO MAKE MONEY WHEN THE PRICE OF SUGAR GOES UP TO 14 CENTS A POUND. WHEN IT REACHES THAT LEVEL THEY WOULD BE WILLING TO PAY THE COLA. OPLE IS CONSIDERING INDEXING THE COLA TO THE PRICE OF SUGAR AS A POSSIBLE SOLUTION.

4. COMMENT: OPLE'S PROBLEM IS A DIFFICULT ONE. ON THE ONE HAND THE GOP NEEDS A VIABLE SUGAR INDUSTRY TO PRODUCE FOREIGN EXCHANGE. ON THE OTHER HAND THE WORKERS' PURCHASING POWER HAS BEEN GOING STEADILY DOWN SINCE 1972. OPLE AND PRESIDENT MARCOS ARE COMMITTED TO HAVING STRONG UNIONS REPRESENT WORKERS. THE UNION OFFICIALS ARE ON RECORD AS HAVING PARTICIPATED IN THE DECISION TO GRANT THE COLA INSTEAD OF AN INCREASE IN THE MINIMUM WAGE FOR WHICH THERE IS NO EXEMPTION. IF THE SUGAR INDUSTRY IS EXEMPTED AS A WHOLE FROM THE NEW COLA, IT WOULD MAKE THE TUCP UNIONS LOOK AS IF THEY SOLD OUT.

5. THE LEFT WING UNDERGROUND ASSOCIATION OF ANTI-MARTIAL LAW LABOR LEADERS, PRIESTS, AND NUNS ARE ALREADY PREDICTING THAT THE GOP WILL RENEGE ON FULL IMPLEMENTATION OF THE COLA "JUST LIKE THEY DID THE LAST TIME A COLA WAS DECLARED." THE DOL HAS ALREADY RECEIVED OVER 2,000 APPLICATIONS FOR EXEMPTION FROM OTHER EMPLOYERS. TO TREAT THE SUGAR INDUSTRY EMPLOYERS ON A CASE BY CASE BASIS COULD RESULT IN SOME 30,000 CASES FROM THAT INDUSTRY ALONE, THUS MAKING IT NEAR IMPOSSIBLE FOR THE DOL TO PROCESS THEM IN A REASONABLE TIME. THE COLA IS NOT PAID WHILE AN APPLICATION FOR EXEMPTION IS PENDING. FURTHER, THE WORLD PRICE OF SUGAR IS 8 CENTS PER POUND, AND AT BEST IT LIMITED OFFICIAL USE

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WOULD TAKE WELL OVER A YEAR TO REACH 14 CENTS PER POUND IF IN FACT IT DOES REGAIN THAT LEVEL. THE 14 CENTS "MAKE MONEY" LEVEL THE SUGAR EMPLOYERS CLAIM IS HIGHER THAN THE 12 CENTS BREAK EVEN POINT THE EMBASSY CALCULATES. SOME EMPLOYERS CAN BREAK EVEN AT 8 CENTS A POUND DEPENDING HOW THEY CALCULATE THEIR COSTS.
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Message Attributes

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